

m/023/007

LAW OFFICES OF
VAN COTT, BAGLEY, CORNWALL & McCARATHY

BENNETT, HARKNESS & KIRKPATRICK
1874-1890
BENNETT, MARSHALL & BRADLEY
1890-1896
BENNETT, HARKNESS, HOWAT
SUTHERLAND & VAN COTT
1896-1902
SUTHERLAND, VAN COTT & ALLISON
1902-1907
VAN COTT, ALLISON & RITER
1907-1917
VAN COTT, RITER & FARNSWORTH
1917-1947

A PROFESSIONAL CORPORATION
ESTABLISHED 1874

50 SOUTH MAIN STREET, SUITE 1600
POST OFFICE BOX 45340
SALT LAKE CITY, UTAH 84145-0340
TELEPHONE (801) 532-3333
FACSIMILE (801) 534-0058

SUITE 900
2404 WASHINGTON BOULEVARD
OGDEN, UTAH 84401
(801) 394-5783
FACSIMILE (801) 627-2522

BUILDING C, SUITE 200-A
2200 PARK AVENUE
PARK CITY, UTAH 84060
(435) 649-3889
FACSIMILE (435) 649-3373

MICHAEL KELLER

DIRECT DIAL (801) 237-0287

MKELLER@VANCOTT.COM

April 18, 2000

Via Facsimile [(801) 538-6016] and U.S. Mail

Don A. Ostler, P.E.
Executive Secretary
Utah Division of Water Quality
288 North 1460 West
Salt Lake City, Utah 84101

Re: North Lily Mining Company
Notice of Violation and Order
Docket No. UGW20-04
Request for Hearing

RECEIVED
APR 19 2000
DIVISION OF
OIL, GAS AND MINING

Dear Mr. Ostler:

We are writing on behalf of our client North Lily Mining Company ("North Lily") in connection with the above-referenced Notice of Violation and Order ("NOV"). North Lily has responded to items 1 through 3 of the Order and has met with representatives of your staff and representatives of the Division of Oil, Gas and Mining concerning the matters addressed in the NOV and the implementation of an excess water management plan at the Silver City Heap Leach facility. As discussed at that meeting, it is the objective of North Lily to continue a reduction of solution volumes through enhanced evaporation and to make improvements to the existing system to increase the rate of evaporation.

It is also North Lily's intention to attempt to resolve the NOV and the matters raised therein through negotiation with the Division without the need for formal administrative proceedings. However, in order to preserve its rights to a hearing in the event the NOV cannot be resolved through negotiation, North Lily, in accordance with the NOV, UACR 317-1-8 and UCA 63-46b-6 through 63-46b-15, hereby contests the NOV and requests a hearing on the grounds, *inter alia*, that the alleged violations did not occur and that the requirements of the

Don A. Ostler, P.E.

April 18, 2000

Page Two

order are unreasonable. In connection with any hearing, North Lily would request that the NOV be dismissed with prejudice. North Lily reserves the right, in the event a hearing should be needed, to submit a more detailed statement of reasons alleging the foregoing and other grounds.

Again, it remains North Lily's hope that the NOV can be resolved through negotiation without the need for a hearing before the Board.

Very truly yours,



H. Michael Keller

HMK/lr

cc: Stephen Flechner, North Lily Mining Company
Bob Bayer, JBR Environmental Consultants, Inc.
Fred Nelson, Assistant Attorney General
Mary Ann Wright, Division of Oil, Gas and Mining